GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:5333
ANSWERED ON:15.05.2007
DUTY FREE ACCESS TO NEIGHBOURING COUNTRIES
Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Union Government proposes to give duty free market access to some of the neighbouring countries;

(b) if so, the names of such countries and the nature and extent of market access being granted to them; and

(c) the likely impact of such access on the Indian Industry and Trade?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) Yes, Sir. During the Fourteenth SAARC Summit held in New Delhi on 3-4 April 2007, India announced its decision to allow duty free access to India to the Least Developed Countries (LDCs) of SAARC which are signatories of the Agreement on South Asian Free Trade Area (SAFTA), before the end of this year.

(b) These LDC countries are Bangladesh, Bhutan, Maldives and Nepal. Afghanistan which was inducted as a member of SAARC during the Fourteenth SAARC Summit would also be an LDC and signatory of SAFTA after completing the required formalities. In terms of the phased Trade Liberalization Programme of SAFTA which has become operational from 1st July 2006, India as a Non-Least Developed Country (NLDC) of SAARC and signatory of SAFTA, had already decided to reduce tariffs to zero percent for SAARC LDCs, except on the items kept in the Sensitive List, by 31.12.2008.

(c) With the present decision India would complete SAFTA TLP for LDCs one year in advance. India has already been giving market access to Nepal and Bhutan as per the bilateral Trade agreements signed with these countries. Except Bangladesh the export potential of Maldives and Afghanistan which has become new member of SAARC is not significant. Further, SAFTA tariff concessions for LDCs would exclude those items kept in the Sensitive List of India under SAFTA. The present decision is therefore not likely to have any serious impact on Indian industry and trade.